



Norman H. Bangerter

Governor

Dee C. Hansen

Executive Director

Dianne R. Nielson, Ph.D.

Division Director

State of Utah

DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

355 West North Temple

3 Triad Center, Suite 350

Salt Lake City, Utah 84180-1203

801-538-5340

Mine File

August 22, 1990

TO: Dianne R. Nielson, Director *LPS f. LRR*

THRU: Lowell P. Braxton, Associate Director *LPS*

FROM: Tony Gallegos, Reclamation Engineer *adg.*

RE: Barney's Canyon Mine, M/035/009, Salt Lake County, Reclamation Contract

Please find attached a letter from BP Minerals America to Greg Williams, Chairman of the Board of Oil, Gas & Mining dated March 28, 1989. To date, the matter of addressing the letter's suggested language changes in our Reclamation Contract (Form MR-RC) has not been resolved. As indicated by the attached January 30, 1990 letter from R. J. Ramsey, Kennecott Utah Copper (KUC) is still waiting for a response from the Board to the 1989 letter. Since that date we have revised our Reclamation Contract with the most current version being dated May 30, 1990. A copy of the new Reclamation Contract and March 28, 1989 letter are being sent to KUC with a letter explaining the current situation.

I wish to bring this unresolved matter to your attention and the attention of the Board in order to complete the Barney's Canyon Mine Permit. Due to the time span since the last DOGM action, would the Board want KUC to update the bond amount to 1995 dollars? The current bond estimate was made in 1988 and is for \$2,700,000 in 1993 dollars.

jb
Attachments
MNM035009.1



BP Minerals America

10 East South Temple
P.O. Box 11248
Salt Lake City, Utah 84147
(801) 322-7000
FAX (801) 359-8405

BP MINERALS AMERICA

RECEIVED
AUG 08 1989

March 28, 1989

OFFICE OF
OIL, GAS & MINING

Gregory P. Williams, Esq.
Chairman of the Board
State of Utah
Division of Oil, Gas & Mining
136 South Main Street
Suite 500
Salt Lake City, Utah 84101

Dear Mr. Williams:

Pursuant to our telephone conversation today, I enclose a copy of the Reclamation Contract and Bond that Kennecott signed in August of 1988, with respect to the Barneys Canyon Project. Also enclosed is a new form of Reclamation Contract sent to us by the State.

Our concern is that the new form incorporates provisions not included in the previous agreement. For example, it does not provide for a reduction in the Bond if portions of the Project are reclaimed. It also includes numerous references to liability (§§ 3, 5, 6 and 9), which were not previously mentioned. Neither form contemplates modification to the Mine Plan or Notice of Intent.

Perhaps you could call me after you have reviewed this. We would like to have a contract as similar to the original contract we signed in August of 1988.

Yours truly,

Earl C. Tingey
Assistant Chief Counsel

ECT/ssr

Enclosures

N
KENNECOTT CORPORATION
BARNEYS CANYON MINE
P. O. BOX 311
BINGHAM CANYON, UT 84006-0311
(801)569-7100

RECEIVED
JAN 30 1990

KENNECOTT

January 30, 1990

DIVISION OF
OIL, GAS & MINING

Mr. Lowell Braxton
Associate Director
Utah Division of Oil, Gas & Mining
3 Triad Center - Suite 35
Salt Lake City, Utah 84108-1203

Dear Mr. Braxton:

Enclosed is the 1989 annual report of mining operations (Form MR-AR) for Barneys Canyon Mine. Construction and operation of the mine were begun in 1989, with the first gold pour on September 15. Current activities including mining at both the Barneys Canyon and Melco pits, are described in the revised Notice of Intent submitted to you on October 2, 1989. Reclamation activities have already begun with seeding of those areas disturbed by the construction which will no longer be active.

Also in 1989, a change in ownership occurred. There have been no changes in personnel or operations. A completed transfer of Notice of Intent (Form MR-TRL) is enclosed for your records. A reclamation contract (Form MR-RC) has not been submitted pending follow up from your department on alternate language previously suggested by Kennecott. A rider for the current bond (64S 100507894BCA) reflecting the new ownership is enclosed.

Please feel free to contact me or Ms. Cindy Emmons of the Kennecott headquarters staff should you have any questions regarding the enclosed information.

Sincerely,

R. J. Ramsey
R. J. Ramsey

cc: E. C. Tingey
C. S. Emmons